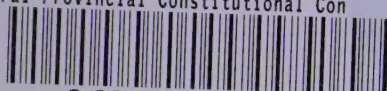


A CASE FOR THE WEST

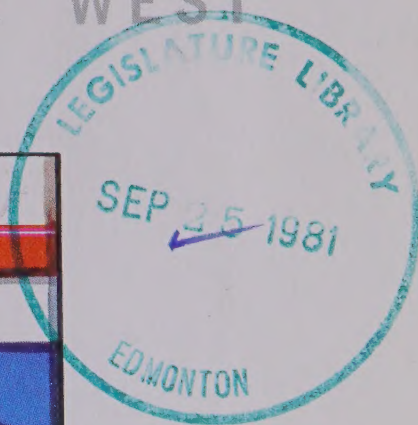
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AN ADDRESS TO THE FEDERAL-PROVINCIAL CONSTITUTIONAL CONFERENCE FEBRUARY, 1969

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BY THE HONOURABLE HARRY E. STROM
PREMIER OF ALBERTA



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EDITORIAL COMMENTS

(1) THE CALGARY HERALD:

"Mr. Strom has placed the emphasis on economic rather than on bilingual issues. His opening presentation was conciliatory, while being straightforward. While he opposes official federal policies on bilingualism, he employs words less calculated to stir up emotionalism. What he asks is due recognition of Western Canada's importance within Confederation."

(2) THE RED DEER ADVOCATE:

"Premier Harry Strom's opening address to the federal-provincial Constitutional Conference . . . was an excellent summation of legitimate grievances about the way Confederation works for Alberta . . . his presentation was probably the most succinct summary of Western problems ever uttered in Ottawa, let alone broadcast to a national audience. If the national Liberal Party is interested in becoming a force to be reckoned with in the West, it ought to take the text of Mr. Strom's address and make remedies to the problems he defined."

(3) THE EDMONTON JOURNAL:

"Albertans will heartily endorse Premier Harry Strom's well-presented appeal to the federal-provincial constitutional conference for a 'fairer policy' . . . It is a clear cry from an increasingly complex region for attention in Ottawa."

"Premier Harry Strom and the other Western leaders did a good job for their people in standing up and demanding attention to fiscal matters of concern to them."

A CASE FOR THE WEST



AN ADDRESS TO THE FEDERAL-PROVINCIAL CONSTITUTIONAL CONFERENCE FEBRUARY, 1969

**BY THE HONOURABLE HARRY E. STROM
PREMIER OF ALBERTA**

An Address to
THE FEDERAL - PROVINCIAL CONSTITUTIONAL CONFERENCE

PART I

Introduction

Mr. Prime Minister, my fellow Premiers,
Ladies and Gentlemen:

My colleagues and I are pleased to have this opportunity to discuss with other Canadian statesmen the problems and issues of concern to all Canadians.

Let me begin by making some observations about the attitudes and feelings which I find among Canadians generally, and Western Canadians particularly.

One of the most critical dilemmas facing Canadians is the existence of inequality and injustice among people of different backgrounds, living in different regions of the country—a condition which has fostered feelings of alienation. The symptoms of this alienation are all around us. The most important in the context of this Conference is the persistent agitation for an independent Quebec.

To a large degree it has been the consciousness of alienation and inequality on the part of Canadians of French origin which has brought these matters to our attention, and has made them subjects of national concern.

Because the underlying causes of alienation and inequality perceived by the French Canadians have to do with such matters as the original terms of Confederation, language rights, governmental jurisdiction and divisions of power, it is only natural that the remedies proposed would involve substantial Constitutional reforms.

Ours is a self-conscious age. We welcome the resurgent spirit and consciousness of our French-speaking citizens, and their understandable desire for a new cultural and economic role in Confederation.

We must recognize the deep feelings of alienation and inequality of treatment that are felt by regional groups in Canada which are neither of French extraction, French-speaking, or resident in the Province of Quebec.

These feelings may not be cultural in nature, but could prove to be just as dangerous to Confederation as friction between the English and French cultures.

The causes of these other discontents are of such a nature that they may not be readily remedied by Constitutional reforms, but may require actions on the part of Parliament and provincial legislatures of a substantially different nature.

PART II

The Need for Full Participation and Equality

It is my hope that ten years hence we will be able to say that Canada's internal political unity is assured because the alienation and unequal treatment of minority and regional groups has ended; that Canadians of French extraction feel at home in Canadian Confederation, and that other minorities and regional groups feel completely at home in Canada.

The Government of Alberta wants to play a constructive part in the elimination of those things that divide us.

Let me suggest several approaches that seem to us to have merit. Where minority alienation or inequality exist within a province it is the primary responsibility of the provincial government to recognize these conditions and to treat them. If the problems of alienation and inequality overlap provincial boundaries and require national accommodation or intervention, or accommodation by other provincial governments, then the province concerned should make representation to the Federal Government.

Provincial governments should take their lead from the Federal Government to make Canadians in other provinces feel at home in Confederation. The Federal Government must be regarded as the ultimate guardian of Canadian unity.

Every effort should be made by the provinces to make those accommodations which emerge from these Constitutional Conferences and which are necessary to end the alienation or feelings of inequality of Canadians in the various regions of Canada.

Let me discuss for a moment the application of these principles, firstly, to the case of French Canada, and secondly, to the case of Western Canada.

It is now evident that many French-speaking Canadians have had feelings of alienation from the mainstream of Canadian life. Since the majority of French-speaking Canadians are resident in the Province of Quebec, it was only to be expected that the government of that province should have been acutely conscious of this alienation and inequality, and should have resolved to do something about these conditions.

The Government of Quebec was quite right in concluding that the problems of dissatisfaction felt by many French-speaking Canadians within its jurisdiction could not be successfully dealt with through action by the Government of Quebec alone.

If citizens of French origin resident in Quebec are to be made to feel fully at home within Canadian Confederation, then the conditions giving rise to the alienation and inequality in their case require national accommodation to their needs, and in addition, certain accommodations on the part of other provincial governments.

We recognize that in order for French-speaking people in Quebec to feel more at home in Confederation, action must be taken not only in Central Canada, but on a national scale.

Where changes in Alberta are required to accommodate the French Canadian case, I want to point out that we can get a positive response from our people if we can say that the Government of Quebec has made certain representations to the Federal Government concerning problems of alienation and inequality experienced by its people, and that the Federal Government has recommended what we in Alberta can do to help alleviate these problems.

With specific reference to steps taken in Alberta to accommodate those of French language and origin, we have to date made provision for French to be the language of instruction in Grades I and II, and the language of instruction fifty percent of the class day in Grades III and up, in those areas where there is a need and an interest. In addition, thousands of our students are taking French in elementary and secondary schools.

The availability of teachers of the French language is always a problem, and we are encouraging the training of additional teachers.

I should point out that only six percent of our population is of French origin. Alberta's cultural heritage is a mosaic of many ethnic groups, all contributing to the richness of our nation. We want to provide opportunity for all groups to develop culturally and economically.

Although we have reservations about some of the recommendations of the Federal Government, it is our hope to make French Canadians feel more at home in Confederation.

The question, Gentlemen, is how can we create conditions which will make Western Canadians feel confident about their role in Confederation?

Are you willing to demonstrate an equal concern, and an equal preparedness to understand and to act upon the problems of alienation and inequality to which Western Canadians are subjected?

For the sake of Canadian unity, it is time certain things were said frankly and without prejudice about the need to cope with increasing feelings of alienation in the West, and inequalities in the situation of the West.

In general, Western Canadians can be led to sincerely believe that the Federal Government's judgement is fair and its recommendations deserving of confidence when it calls upon us to respond to the case of Quebec, only when the Federal Government demonstrates an equal sensitivity with respect to the case of the West, and a preparedness to recommend those steps necessary to deal with economic discrimination against the West.

PART III

People of the West

As Premier of Alberta, I can speak officially only for that Province, but I feel fully confident that many of the sentiments which I will express in stating the case for the West as perceived by Albertans, will echo kindred sentiments in the hearts of Canadians living in other Western Provinces and the Northern Territories.

Let me say that it would be a tragic and profound mistake on the part of either the politicians or the press, or the general public of Central Canada to underestimate or dismiss out of hand the profound dissatisfaction which does exist among many people in Western Canada. There is a real lack of understanding and appreciation of our regional interests and problems and aspirations in other parts of this country. We deeply resent the picture which is often painted of the West in the minds of the people of Central Canada.

Westerners are naturally concerned that minds which hold misconceptions may be reluctant or incapable of appreciating our dissatisfactions and our aspirations.

I repeat, however, that it would be a tragedy if this were to continue.

This is essentially what happened in the case of French Canada. For years and years, spokesmen were saying, "We are not happy in Confederation. We have an orientation which you do not understand, and which you do not try to understand. We have aspirations which cannot be realized under the present system. We are subject to inequities which must be remedied".

But for years and years, the strength and legitimacy of these complaints were either ignored or underestimated.

I can only repeat that it would be a double tragedy if a similar mistake were to be made with respect to the West.

In general, the accommodations which we require include changes in attitude, changes in the orientation of various Federal departments, changes in the operating policies of the Federal Government, and a creation of new policies to cope with the causes of our dissatisfaction.

Allow me now to list some major areas in which Western Canadians feel that their concerns have been ignored, and their aspirations frustrated.

1. Western Resource Industries

The economy of the West is based to a very large degree upon the production of certain raw resources. We are endeavoring to develop secondary industries, but no matter how much secondary industry we acquire, the specific raw resource industries will continue to be the base of the Western economy, and our primary contribution to the national economy.

The growth of these industries is beyond the control of regional government, though to some extent within the control of the Federal Government. I refer especially to national transportation policy and to tariff regulations.

This need not be a bad situation if it were not for the fact that when Westerners examine the Federal Government's priorities in industrial development, the order which they see is the following: the manufacturing industries in Eastern and Central Canada, the raw resource industries of Eastern and Central Canada, then, the raw resource industries of Western Canada, and finally, the manufacturing industries of Western Canada.

This order of priorities is not a figment of our imagination.

What Western Canadians legitimately desire, if economic justice is to prevail within Confederation, is that our raw resource industries be given the same priority as the manufacturing industries of Eastern and Central Canada.

We desire this equality of priority to be demonstrated, not simply in conference communiques but in concrete ways.

For example, when the Federal Government sets tariffs we would like it to give full consideration not only to the needs of certain Eastern industries for protection, but equal consideration to the fact that the costs of these tariffs are to a large extent borne by consumers and Western industries, which must compete with high production costs and high transportation costs in an international market.

It is time the Federal Government recognized the harmful effect of the tariff system on the West, and indeed on the economic health of the nation.

Thirteen years ago, Professor J. H. Young estimated for the Gordon Commission that the tariffs were costing the people of Canada one billion dollars a year.

No reliable figures on the current cost of the tariff system are available. But we have no reason to suppose the figure would be any lower.

It is true the cost of the tariff system is borne by all Canadians. But not all Canadians benefit from it.

It was set up, as we all know, for the protection of secondary industry in Central Canada, chiefly in Ontario. Very few Western industries today gain any benefit from it. And most ironically, the tariff system has failed to achieve its very objective of fostering Canadian secondary industry.

A study by Professor J. H. Dales of the University of Toronto showed some time ago that despite tariffs, Canadian economic growth has lagged behind that of the United States since 1870; that the ratio of our Gross National Product to theirs has fallen; that the ratio of our secondary manufacturing to theirs is no higher now than it was in **1910**.

And yet, Gentlemen, one of our major industries, agriculture, has

been **rising** in productivity compared with the United States, despite very limited tariff protection.

For us, the tariff system symbolizes the economic imbalance of Confederation.

We see the logic of protecting infant industries but some of the "infants" are now eighty years of age and we are tired of paying their pensions.

If the Federal Government is prepared to use its influence to secure entrance to foreign markets for Canadian producers, we want it to work as hard on behalf of the raw resource industries of the West.

The Federal Government used its influence to the benefit of Eastern Canadian manufacturers in securing the recent U.S.-Canada Auto Pact. Will you use your influence to the same extent to help us secure a U.S.-Canada oil pact which will assure the marketability of a larger portion of Alberta's petroleum production in the United States, in the future?

In the field of transportation, we all know what the expenditures of the National Harbours Board in Eastern ports and the expenditures of the Federal Government on the St. Lawrence Seaway have meant, but we in the West, when we consider this whole matter of transportation policy, are wondering what further efforts will be made, such as a Prince Rupert port, to improve the movement of our products to seaboard and to foreign markets, particularly in a westerly direction.

The things that I have mentioned are matters of real concern to Western Canadians. They disclose the existence of economic inequities which we desire to see removed.

When Quebec complained of inequities in French-English relations, the Government of Canada perceived that some of these inequities were real and appointed a Commission on Bilingualism and Biculturalism to help remedy the situation.

The Alberta dissatisfactions to which I have referred in the preceding paragraphs are not so much cultural as economic, but they too are real, and they too cause Canadians in the West to feel economically discriminated against in their own country.

We would therefore ask the Government of Canada to remove these inequities. For example, we would suggest the appointment of a Commission

on tariffs and freight rates, to examine our problems and to recommend solutions.

Albertans await with interest to see if the problems of Western Canada provoke as positive a response as the problems of Canadians in other regions.

2. The Pacific Community

Canada's foreign policy and trade policy has been traditionally oriented toward the Atlantic community.

This is understandable historically, but as we look to the future, as Western Canadians we are frankly more interested and more excited in looking to the West rather than back to the East. There has developed in recent years, among a substantial portion of our population, an increased interest in Japan with its millions of people and its shortage of resources; and in Asia with its new nations struggling toward development, and a population that is the largest potential market in the world.

Western Canadians therefore ask that shifts occur in the policy of this country to give as much recognition and attention to the Pacific community as it does to the Atlantic community. If it is one of the functions of the Federal Government to represent Canadians abroad, as Canadians resident in Western Canada we ask that our interests be particularly represented in Eastern countries.

We ask the Federal Government to take special steps to bring the Western Provinces into stronger and better relationships with these countries.

The Federal Government is not reluctant to take special steps to allow strengthening of relations between French-speaking nations abroad and the French parts of Canada, even to the point of increasing foreign aid to French Africa.

Let the Canadian Government send joint Canada-Quebec delegations to French educational conferences in Africa if that is what is desired by Canadians in one part of the country, but at the same time, let the Federal Government send new and stronger joint Canada-Manitoba, Canada-Saskatchewan, Canada-Alberta and Canada-British Columbia trade delegations to the nations of the Pacific community.

At the same time, to facilitate this policy shift, there should also

be shifts in the personnel of some of Canada's trade and diplomatic missions, particularly in the Asian countries. Many Western Canadians are tired of going to Asian countries and meeting with well-meaning, but Eastern-Canadian oriented civil servants who can relate the name of every major company doing business in Montreal or Ottawa or Toronto, but who have never heard of some of the international concerns of Winnipeg, Regina, Edmonton, Calgary or Vancouver. These people represent the interests of some Canadians, but they do not represent our interests.

In articulating this desire of Western Canadians for stronger and better trade and diplomatic representations with the countries of the Pacific community, I am well aware that within recent months the Prime Minister himself has spoken admirably on this subject and verbally acknowledged the desirability of what we request. Western Canadians have applauded the Prime Minister's words in this regard. But at the same time we are regrettably aware that the only significant action which has been taken in the field of Canadian-Asian relations, since the present Government came to power, has been a negative one. I refer to the recent tightening of import restrictions on Japanese goods.

Would it be a national tragedy for Canadian consumers to be able to purchase low cost Japanese colour television sets if it meant that some workers in Eastern Canada would have to be retrained for new jobs?

High import duties on Asian manufacturers do more than restrict imports. They reduce the amount of Canadian exchange which Asian countries have to purchase Canadian raw materials. Since the bulk of these raw materials are materials produced in the West, such policies restrict our trade and depress the standard of living of our workers.

3. The North

To many people in Eastern and Central Canada, the idea of northern development is a romantic but rather impractical notion, something which may occur in the distant future, but something which is not of much relevance right now.

But to many Western Canadians, northern development is not something which can be left to the future but something which is already upon us. If the integration of transportation networks, population movement, social services and educational opportunity in the Northwest is to be

accomplished smoothly, northern development planning and action on the part of the Federal Government should be much further along than it is at present.

If we compare the development of Alaska in recent years with the development of the Yukon and the Northwest Territories, we are disappointed. The painfully slow and often tragic story of northern development in Canada is not the fault of the tiny bands of pioneers who now reside there. The basic blame must be borne by the Federal Government.

Alaska is being developed by a southern people—the Americans. It is appalling that we, a northern people, have not been able to match their efforts, at least in imagination and purpose, if not in magnitude.

The Federal Government of the United States granted Alaska her status as a state. The Federal Government of Canada has had the responsibility of managing our northern territories for as long a period, and yet to date the prospect of greater autonomy for the Yukon or the Northwest Territories is not even in sight, and the residents live under a suffocating Federal colonialism.

And so, we Western Canadians ask, what about northern development?

If the Federal Government does not intend to act, or cannot act, would the Government contemplate giving the Western Provinces an extension of their jurisdiction? Northern development is an aspiration of Western Canadians. Opportunities for its fulfillment must be provided.

4. The Financing of Western Development

Development embodies our aspirations. National policies and attitudes which retard our development or relegate our concerns to a low priority position are the inequities which we seek to have redressed. A positive response to our developmental needs must involve action and development financing.

We do not ask for handouts or preferential treatment. Rather, we ask that a national fiscal and monetary policy, recognizing the uniqueness of our situation, be developed and pursued along with policies recognizing the uniqueness of other regional areas.

In particular, in the field of capital formation we wish to point

again, as we have in the past, to our most urgent need for domestic capital investment in Western potential. We request policies that encourage the diffusion of existing capital rather than its centralization in the few key industrial areas, and which encourage more Canadians to become shareholders.

We wish also to point out that not only domestic capital, but foreign capital will be required for Western economic development.

It is sad, but true, that in the history of Western Canada there has often been a greater willingness on the part of foreign investors to gamble on our potential than there has been on the part of investors in Eastern and Central Canada.

In Alberta's experience, for example, we simply could not find entrepreneurs in the financial centres of Central Canada with sufficient resources or interest in Alberta to gamble on our oil in the early days. If it hadn't been for American capital, much of our petroleum would still be in the ground.

So we ask the Federal Government not to pursue policies that restrict the flow of foreign capital to our regions, but rather to pursue policies which will encourage it.

We ask for a positive economic nationalism, not a negative one.

We ask for an economic climate which seeks to encourage all the foreign capital and technology we can absorb, as long as it respects our sovereignty.

We know the fears of United States domination in the Canadian economy.

Our hope is that our economy become as Canadian as possible, and that every Western Canadian become an investor. But we also believe that when necessary, and it is necessary now, we utilize foreign capital and technology extensively, as long as we acquire a fair return on the development of our resources for our people.

We as Canadians can still retain the economic and political controls required to ensure that foreign investors behave responsibly and in accord with Canadian interests.

In Alberta, much of our petroleum industry is U.S.-owned. Ownership, however, does not involve blanket control, and the difference can

be established by wise legislation. No fair-minded and knowledgeable person could demonstrate that American oil companies run Alberta. They operate by our rules, and we both benefit.

We sincerely believe that there is such a thing as a fair partnership in international economic relations. Both sides can benefit, and this is what we mean when we talk about "encouraging foreign investment".

We ask you therefore to recognize our specific needs in the field of capital formation. We have a need for more domestic investment and a need for foreign capital and technology as well.

In the field of monetary policy we ask you to recognize the difference in our state of economic development as compared with that of Eastern and Central Canada. We are just beginning to build our secondary industries. We ask therefore for an end to blanket monetary policies and interest rate regulations that treat the country as though every region were at the same stage in its capital formation and industrial expansion.

When you tighten credit across the board because the economy is heating up, what this means in Ontario is that a factory which is already built must defer its expansion. But what it means in Manitoba, Saskatchewan, Alberta and British Columbia, and in parts of Quebec, is that the factory doesn't get built at all.

The discriminatory nature of blanket monetary policy is one of the primary causes of the slow growth of secondary industry in the West.

In the United States the central bank is organized on a regional basis. Might not the same thing be done in Canada with **real autonomy** for regional branches of the Bank of Canada, which would enable them to take into account the unique economic needs of the areas they serve?

In recognition of the high regard which many Western Canadians have for the capabilities of enlightened private enterprise, we ask for an expanded role for the private sector in the field of social services and social development.

We wish to be able to say to private enterprise, for example, that for every fifty offices, build a day care centre—for every five factories, build a vocational training institute—for every ten thousand dollars of physical resources you extract from an underdeveloped region, create economic opportunities for under-privileged citizens. And if you will do this, we will

make it profitable on a limited basis, so long as the total cost to us is less than what it would have been if we tried to do the same thing ourselves, and as long as the standards are those acceptable to our citizens.

What we ask of the Federal Government is policies which will facilitate this kind of private involvement; particularly we ask that the private sector be allowed to write off, for taxation purposes, at least a portion of the expenses incurred in meeting such social obligations.

Finally, in the area of regional development programming, we ask that the regional development department of the Federal Government pay much more attention to developing areas of the West.

Even more important, we ask the Federal Government to invest in high potential as well as depressed areas. We ask for a balance. In the past three years the Federal Government has committed hundreds of millions of dollars for comprehensive economic development programmes in low income areas. How much money has the Government poured into high potential areas? These figures should at least be related, and if they were, the West would receive a much higher proportion of regional development funds from the Federal Government than is presently the case.

Often the terms of reference of development funding programmes, such as the original Area Development Incentives Act, are drawn up in such a way that the incentives are not of the type that would fully stimulate manufacturing developments in Western areas. We seldom experience **meaningful** prior consultations.

In short, therefore, we ask particularly that the Federal Government distinguish between—or at least strike a balance between—welfare economics and development economics on the part of its regional development department.

These are some of the major financial concerns of Alberta. We ask and await a positive response. Without such a positive response it will be increasingly difficult to ask our people to make sacrifices to remedy the financial concerns of others.

In particular, we ask for more flexible guidelines in foreign investment and the increased participation by all Canadians in capital ownership. We ask for specialized rather than blanket monetary policies. We seek regional reserve banks to serve regional economies, tax concessions

on limited profit opportunities for the private sector in the field of social development, and equity in regional development policy.

5. Fair Representation in National Discourse

In presenting these concerns of Alberta, let me touch on the matter of representation in national discourse.

I have already alluded to the fact that much Federal legislation in areas where the West has vital concerns is formulated without any real consultation with us. Because of the proximity of provincial governments in Central Canada to the national capital, they sometimes appear much more influential than ourselves in securing Federal legislation favourable to their requirements and often equally unfavourable to our requirements.

We would consequently ask that greater consultation take place between the Federal Government and the Governments of Western Canada on those issues in which they are vitally affected.

We need, and desire, more equitable representation on Federal Government boards, commissions, task forces and so on. Even this will not bring us positive returns unless there is also an effort on the part of the Federal Government to consult with us much more freely and much more readily than it has in the past.

The problem of obtaining fair representation for the West in national discourse goes far beyond the acquisition of a fair representation in government circles. Even more important is the need for a fair representation of the needs and concerns of the people of the West among the general public in Central Canada.

We often get the impression that the national media and the representatives of the media in the large centres of Central Canada are not interested in the views of the representatives from the West. There is too little interest, it seems, in reporting the attitudes of our representatives in depth to the people of the nation as a whole, but particularly to the large population centres in Central Canada.

There is not much that governments can do to ensure the presentation of broader viewpoints to the general public. I therefore appeal to journalists, commentators, and the many men of good will in Central Canada to help raise the level of dialogue between our two regions of the country.

6. The Need for Changes in Tax Sharing Agreements and All Financial Arrangements

Many of the points we have discussed point to the need, indeed the absolute necessity, for a new look at tax sharing and financial arrangements between the provinces and the Federal Government. The growing chasm between the tax resources and fiscal responsibilities of the provinces is fast becoming our greatest domestic affliction.

PART IV

Conclusion

In conclusion, my message to the Conference is this:

We will co-operate with the Federal Government to the fullest extent of our ability to bring regional alienation and inequality in Canada to an end, but there must be a corresponding effort on the part of the Federal Government and the provincial governments of Central Canada to recognize and accommodate the concerns of the West.

National accommodation to the concerns of the West will require more than Constitutional changes.

It calls far more for practical changes in the attitudes, emphases and implementation of the operational policies and decisions of the Federal Government.

In any event, when future Constitutional changes or new national policies are proposed, we will examine them very closely to see if they provide expanded opportunities for the realization of the aspirations of Western Canadians.

NOTES:

